

**TESTIMONY AND SCHEDULES  
OF  
C. RONALD MCGINNIS, JR., *ON  
BEHALF ON DELMARVA POWER***

1                                   **DELMARVA POWER & LIGHT COMPANY**  
2                                   **TESTIMONY OF C. RONALD MCGINNIS, JR.**  
3                                   **BEFORE THE DELAWARE PUBLIC SERVICE COMMISSION**  
4                                   **CONCERNING THE NOVEMBER 2008 THROUGH OCTOBER 2009**  
5                                   **GAS COST RATE**  
6                                   **PSC DOCKET NO. 08-\_\_\_\_F**

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8   **1. Q: State your name, position, and business address.**

9       **A:**       C. Ronald McGinnis, Jr., Regulatory Team Lead, Regulatory Affairs  
10       Department, for PHI Service Company, which is a subsidiary of Pepco Holdings,  
11       Inc., the ultimate parent company of Delmarva Power & Light Company (“the  
12       Company” or “Delmarva”), New Castle Regional Office, 401 Eagle Run Road,  
13       Newark, Delaware 19714.

14   **2. Q: Please state your educational background and relevant experience.**

15       **A:**       I graduated from the University of Delaware with a Bachelor of Science  
16       degree in Accounting and earned a Masters in Business Administration degree with  
17       a concentration in Finance from Widener University. In 1992, I became an  
18       employee of Delmarva Power & Light Company. My responsibilities now include,  
19       among other things, the calculation and monitoring of jurisdictional fuel revenue  
20       and expenses for Delmarva Power. Prior to joining Delmarva, I was employed as a  
21       Rate of Return Analyst by AUS Consultants and as a Senior Accountant by  
22       Wilmington Savings Fund Society.

1     **3. Q: Have you previously testified before this Commission?**

2     **A:**         Yes, I have testified before this Commission in ten of the previous twelve  
3                 GCR Dockets and in the Electric Restructuring Docket No. 99-163.

4     **4. Q: What is the purpose of this testimony?**

5     **A:**         The Company is seeking approval of a increase to the Gas Cost Rate  
6                 ("GCR") to be effective with usage on and after November 1, 2008, with proration.  
7                 This testimony supports the calculation of the proposed GCR, as summarized on  
8                 Schedule CRM-1, Page 1. Schedules CRM-2 through CRM-13 provide details used  
9                 in the development of the proposed GCR factors and selected comparative data,  
10                including a reconciliation of firm gas expenses and revenues for the twelve months  
11                ended July 31, 2007. Calculation of the proposed GCR factors is based on the gas  
12                sales forecast sponsored by Witness Phillips, and the delivered cost of purchased  
13                gas, the average pipeline rate, and system design day load, including the Large  
14                Volume Gas (LVG) and Medium Volume Gas (MVG) customer Maximum Daily  
15                Quantities ("MDQ") is sponsored by Witness Bacon.

16         My testimony specifically addresses the following matters:

- 17                 1. The reconciliation of actual versus estimated system weighted average  
18                 commodity cost of gas ("WACCOG") assigned to LVG and electing  
19                 MVG Customers;
- 20                 2. The reconciliation of actual versus estimated system weighted average  
21                 commodity cost of gas assigned to Flexibly Priced Service Customers,  
22                 and the true-up of fuel expense and margins;
- 23                 3. The audit of the GCR for calendar year 2007; and

4. Adjustments contained in the actual data for the 12 months ended on  
July 31, 2008.

5. **Q: Please compare the proposed 2007/2008 GCR to the current rate.**

A: The proposed GCR components applicable to firm sales customers, compared  
with the currently effective Gas Cost Rate factors, are shown below:

**GAS COST RATE**

	<b><u>Current</u></b>	<b><u>Proposed</u></b>	<b><u>Change</u></b>
RG, GG, and GL	96.517¢/ccf	117.560¢/ccf	21.043 ¢/ccf
LVG and MVG Demand	\$10.2000/Mcf of MDQ*	\$8.5538/Mcf of MDQ*	\$(1.6462)/Mcf of MDQ*
Non-Electing MVG Commodity	\$8.2710/Mcf	\$10.5303/Mcf	\$2.2593/Mcf
LVG and Electing MVG Commodity	Varies Monthly	Varies Monthly	N/A

- “MDQ” is Maximum Daily Quantity, which is a measure of a customer’s contribution to peak demand.

The 2008/2009 GCR factors are summarized on Schedule CRM-1, Page 1 of 6. Calculations which support the Commodity Cost Rate (CCR) factors appear on Schedule CRM-1, Pages 2 and 3. Derivation of the Demand Cost Rate (DCR) factors for LVG/MVG customers and Volumetric customers is shown on Schedule CRM-1, Pages 4 through 6. The details of the calculation of Off-System Sales and Capacity Release Margins are itemized on Schedule CRM-2. Schedule CRM-3 shows the allocation of estimated costs between the various customer class, and Schedule CRM-4 includes the derivation of the Demand Expense True-up for the prior GCR period. Schedules CRM-5 through 7, and CRM-12 contain the Recovery Schedules and the associated interest calculations. Schedules CRM-8 and CRM-9 shows the derivation of the LVG and Electing MVG WACCOG and FPS true-ups for July 2007 through June 2008. Schedules CRM-10 and CRM-11 contain

1 comparisons of sales and recoverable fuel costs. Schedules CRM-13 contains the  
2 GCR calculations filed on September 2, 2007.

3 The presently effective DCR factor applicable to MVG and LVG customers  
4 and the current CCR and DCR factors applicable to RG and GG customers were  
5 approved by Commission Order No. 7285 in Docket No. 07-239F, and were  
6 effective with usage on and after November 1, 2007, with proration. The GCR of  
7 102.357 ¢/ccf, which went into effect on November 1, 2006, resulted in an over-  
8 recovery of \$5.7 million or 4.4%, which was included in the calculation of the  
9 2007/2008 GCR.

10 **6. Q: Please explain the derivation of the estimated firm gas expenses for the period**  
11 **November 2008 through October 2009.**

12 **A:** The total estimated gas expenses for the upcoming GCR period are sponsored  
13 by Witness Bacon in his Schedule WTB-7. Estimated gas costs associated with  
14 Company-Use are credited against total estimated gas commodity costs in their  
15 entirety. Revenue from Transition Charges from customers who switched from a  
16 Firm Sales to a Transportation Service, No-Notice Swing Charges, and Balancing  
17 Charges are all credited against estimated gas demand expenses at 100% of their  
18 value. Margins related to Interruptible Transportation are shared with customers on  
19 an 80% / 20% basis with 80% returned to the Firm customer through revenue  
20 credits and 20% retained as Company gross profit.

21 The Settlement Agreement in Docket No. 00-314 requires margins from  
22 Capacity Release, Off-System Sales and Swaps to be credited to the GCR at 100%  
23 until a total credit of \$1.7 million for the 12-month period ending every June is  
24 reached. Once the \$1.7 million threshold has been met, then margins are shared at  
25 the 80% level until the following July, when the cycle begins again.

1 7. Q: Please explain how the revenue credits for service to Interruptible Gas  
2 Transportation customers were developed.

3 A: Margins associated with the fourteen (as of July 31) Interruptible Gas  
4 Transportation customers are shared on an 80%/20% basis, with 80% credited to  
5 firm full-requirements customers through development of the Demand Factor of the  
6 GCR. These margins include customer charges and delivery charges incurred by  
7 those customers.

8 8. Q: Please discuss the gas costs and recoveries for the current November 2007  
9 through October 2008 GCR period.

10 A: The monthly comparison of actual gas cost and recovery for the period  
11 November 2007 through July 2008 and estimated gas cost and recovery for the  
12 period August 2008 through October 2008 are shown in Schedule CRM-5, Pages 1  
13 and 2. Firm gas costs and recoveries have been compared for each of those months  
14 to determine the monthly over-recovery or under-recovery of gas costs. Schedule  
15 CRM-6 reflects the monthly costs and recoveries in the same format as presented in  
16 prior GCR proceedings.

17 Schedule CRM-6, Page 1 shows the projected over-recovery balance of  
18 \$74,035 or 0.1% of estimated recoverable gas expenses, which is based on nine  
19 months of historical data and three months of updated estimates prepared for this  
20 filing. This is within the 4.5% deadband for over-recoveries which would require a  
21 supplemental GCR filing.

22 Pages 3 and 4 of Schedule CRM-6 contain the actual results for the 2006/2007  
23 GCR period.

24 These comparisons, along with other required information, have been filed on  
25 a monthly basis with the Commission.

1    **9. Q: Please explain the True-Up for the Flexibly Priced Sales service.**

2    **A:**            FPS services are billed monthly based on an estimated Commodity Cost Rate  
3            which is determined just prior to the beginning of the billing cycle. This estimated  
4            Commodity Cost Rate determines the fuel costs associated with this service, and the  
5            associated margin which is shared on an 80% / 20%. Delmarva, in order to properly  
6            account for and distribute the revenue contribution from FPS transactions, proposed  
7            a Commodity Cost Rate true-up in Docket No. 97-293F which was subsequently  
8            approved by Order No. 4594. Schedule CRM-9 shows the derivation of this  
9            adjustment, which nets to 3,787 for the period of July 2007 through June 2008.  
10          This adjustment is incorporated into the rate calculation in its separate commodity  
11          and demand components, and the estimated beginning deferred fuel balance for the  
12          2008/2009 GCR period as shown on Schedule CRM -5, Page 1.

13   **10. Q: Please discuss the interest calculation.**

14   **A:**            As specified on Leaf No. 36 in the Company's Gas Service Tariff, interest in the  
15            amount of \$268,079 was calculated based on the average monthly gas deferred fuel  
16            balances, at the rate of 1/12 of the applicable FERC Natural Gas Interest Rate Factor,  
17            which is available on the FERC website. The interest calculation for the 2007/2008  
18            GCR period is based nine months of historical data and three months of updated  
19            estimates prepared for this filing, and is detailed on Schedule CRM-7.

20   **11. Q: Please describe the derivation of the proposed Commodity Cost Rate factors**  
21   **for the 2008/2009 GCR period.**

22   **A:**            Two steps derive the Commodity Cost Rate ("CCR") factors for the  
23            Company's Firm customers. First, total estimated firm commodity costs are  
24            allocated between Annual CCR (RG, GG, GL, and Non-Electing MVG customers)  
25            and Monthly CCR (LVG and Electing MVG) customers. I have followed the same  
26            methodology used in prior GCR filings to calculate estimated commodity costs to  
27            be assigned to the Monthly CCR customers by setting the commodity portion each

1 month at the system Weighted Average Commodity Cost of Gas ("WACCOG")  
2 projected for that month (as adjusted for losses and unaccounted-for gas). This sets  
3 monthly commodity revenues equal to expenses for Monthly CCR customers.  
4 Schedule CRM-1, Page 3 details the calculation of these assigned costs and  
5 revenues. All remaining estimated firm commodity expenses are assigned to the  
6 Annual CCR customers.

7 A true-up of LVG and Electing MVG commodity revenues and expenses will  
8 be made if there is an over-recovery or under-recovery that exceeds 5% of total gas  
9 commodity costs or \$250,000 for the 12 months ended June 30 prior to the period for  
10 which the proposed GCR is to take effect. The actual WACCOG variance for the 12  
11 months ended June 30, 2008 was an under-recovery of \$460,825 or 9.65%. The  
12 true-up required for the 2007/2008 GCR period is a surcharge of \$1.1179/Mcf as  
13 shown on CRM-8.

14 Once the assignment of estimated firm commodity costs between Annual and  
15 Monthly CCR customers has been made, the Annual CCR factor can be calculated.  
16 Any over- recovery or under-recovery balance and associated interest remaining  
17 from the prior GCR period, net of the demand cost true-up discussed in response to  
18 Question No. 14, is assigned to the Annual CCR customers. The calculation of  
19 commodity gas cost factors is shown on Schedule CRM-1, Page 2.

20 **12. Q: There is an adjustment made for "Proration of November 2007 GCR" on**  
21 **Schedule CRM-1, Page 2. What is the reason for this adjustment and how was**  
22 **it calculated?**

23 **A:** Customer bills are "prorated" each November so that the number of days on  
24 the bill that relate to October usage are charged the rate that was in effect during  
25 that month and the number of days that relate to November usage are charged the  
26 rate proposed in this filing. Since meters are read throughout the month (there are  
27 21 billing cycles) this will affect the majority of customers who receive an



1 annualized commodity rate. When calculating the over/under recovery of fuel  
2 expense for each November, a half-month convention is used so that when  
3 determining November revenue, 50% of sales have the prior period GCR applied to  
4 them, and the other 50% of sales are valued using the proposed GCR.

5 Past GCR filings have had estimates of November fuel revenue based upon  
6 the application of the proposed rate to estimated sales for the entire month. This  
7 creates a built-in error which over-estimates fuel revenue when the GCR is  
8 increasing and under-estimates fuel revenue when the GCR is decreasing. The  
9 Proration Adjustment eliminates this error and synchronizes the November rates  
10 and estimated revenue with the way that actual fuel revenue is reported on the  
11 Company's books and records.

12 **13. Q: Please describe the derivation of the proposed Demand Cost Rate factors for**  
13 **the 2007/2008 GCR period.**

14 **A:** Demand-related costs are allocated and recovered through two separate and  
15 distinct mechanisms in accordance with past practices. The allocation of firm gas  
16 demand charges is the first step in this process, and involves the calculation of  
17 average and excess daily loads. Average daily loads are calculated by dividing  
18 projected sales over the entire GCR period, by class, by the number of days in the  
19 period (365 for the purpose of this filing). These average daily loads are then  
20 multiplied by the Average Pipeline Rate, sponsored by Witness Bacon, to derive  
21 firm demand expenses attributable to service rendered to support average loads. All  
22 remaining firm demand expenses are allocated based on excess loads, which are  
23 calculated by subtracting the average daily loads, by class, from the design day  
24 loads. The ratio of each class' excess load to the system total is then multiplied by  
25 the demand costs which remain unallocated after the development of expenses  
26 based on average loads. The addition of the average and excess load allocations

1 result in the firm demand costs which are to be collected from the volumetric (RG,  
2 GG, and GL) and Demand Metered (MVG and LVG) classes.

3 The gas demand rate applicable to MVG and LVG customers is calculated by  
4 dividing their share of firm demand charges by their total Contract Maximum Daily  
5 Quantity ("MDQ"), which is a measure of an individual customer's contribution to  
6 the peak level of demand. This calculation appears on Schedule CRM-1, Page 4.

7 Firm gas demand expenses not allocated to the non-volumetric DCR  
8 customers are the basis for calculating the volumetric DCR factor. The calculation  
9 of the volumetric DCR factor appears on Schedule CRM-1, Page 6.

10 A summary of the allocation of firm commodity and demand expenses among  
11 the various classes is shown on Schedule CRM-3, Page 1.

12 **14. Q: Please discuss the demand cost true-up included in the calculation of the**  
13 **Demand Cost Rate factors for both volumetric and non-volumetric customers.**

14 **A:** A true up of demand-related cost differences has been applied to all sales  
15 customers. This true up is achieved by comparison of the estimated monthly  
16 demand costs and the actual demand costs for the period August 2007 through July  
17 2008. For the period August 2008 through October 2008, estimates from the  
18 October 1, 2007 GCR filing are compared to the estimates developed for use in this  
19 filing. The cumulative monthly variance is multiplied by 1/12 of the FERC Gas  
20 Refund Rate interest rate then in effect. The total true up (variance plus interest) of  
21 \$103,206 is allocated among the volumetric and non-volumetric customers in the  
22 development of the volumetric and non-volumetric DCR factor calculations.

23 **15. Q: Please describe Schedules CRM-10 through CRM-13.**

24 **A:** Schedule CRM-10 details actual and estimated monthly sales for the twelve  
25 months ended October 31 in 2007, 2008, and 2009. Schedule CRM-11 compares  
26 the actual and estimated gas costs and regulatory credits for the twelve months  
27 ended October 31 in 2007, 2008, and 2009. Schedule CRM-12 provides the actual

1 recovery results for the twelve-month reconciliation period ended July 31, 2008.  
2 Schedule CRM-13 shows the development of the GCR which went into effect on  
3 November 1, 2007 which is currently still in effect.

4 **16. Q: Please describe the calendar year 2006 GCR audit.**

5 **A:** During the 1996/1997 GCR proceeding in Docket No. 96-218F, the parties  
6 agreed that Delmarva's Internal Audit Department should expand the scope of its  
7 annual GCR audit, in light of the various rate design changes and margin sharing  
8 mechanisms approved by the Commission in Docket No. 95-44, which were  
9 implemented effective April 1, 1996. The principal concern focused on determining  
10 that customer billing and the determination and sharing of margins were treated in  
11 accordance with the Commission's Order and Delmarva's tariff.

12 In June 2007, the Company's Internal Auditing Department completed the  
13 audit for calendar year 2007, which includes the review of a sampling of customer  
14 billing and regulatory accounting records concerning sales, gas costs, and gas cost  
15 revenue. The audit procedures and results are to be reviewed by Price-Waterhouse-  
16 Coopers LLC for the purpose of forming an opinion on the basic financial  
17 statements, taken as a whole. The final audit report concerning the GCR will be  
18 completed and filed with the Commission before the end of October 2008.

19 **17. Q: Please discuss any significant accounting adjustments made in the 2007/2008**  
20 **GCR Period.**

21 **A:** There were two significant adjustments made during the 2007-2008 GCR  
22 period. That first adjustment, made in July 2008, was made to correct the use of  
23 outdated Contract MDQs for March 2007 through July 2008 used to determine the  
24 demand revenue for several of the Company's MVG and LVG customers in the  
25 GCR deferral calculation. The customer's bill was unaffected, but the fuel revenue  
26 was understated by a total of \$135,563. The second adjustment, also made in July  
27 2008, was made to correct the omission of rate proration for determining the GCR

revenue for the Volumetric and Non-Electing MVG customers. This adjustment had the affect of increasing the amount recovered in April 2007 and reducing the deferred fuel balance by \$268,079.

**18. Q: Please summarize the calculation of the GCR factors proposed for the 12-month period beginning November 1, 2008.**

**A:** The proposed GCR factors applicable to volumetric customers for the 2008/2009 GCR period is based on the following amounts:

	<u>Commodity</u>	<u>Demand</u>	<u>Total</u>
• Estimated Firm Gas Costs for the 2008/2009 GCR period	\$150,728,120	\$17,370,622	\$168,098,742
• Estimated Under-Recovery Position at 10/31/08	(74,035)	N/A	(74,035)
• True-Ups and Timing Differences	(1,085,584)	88,066	1,173,650
• Net Interest Amount	<u>(268,079)</u>	<u>N/A</u>	<u>(268,079)</u>
Subtotal	\$151,471,590	\$17,458,688	\$168,930,278
• Monthly CCR Factor Credit	(4,351,427)	N/A	(4,351,427)
• MVG/LVG DCR Factor Credit	<u>N/A</u>	<u>(1,163,700)</u>	<u>(1,163,700)</u>
Volumetric Expenses	\$147,120,163	\$16,294,988	\$163,415,151
• Estimated 2008/2009 GCR Period Sales	<u>13,971,176</u>	<u>13,294,511</u>	<u>N/M</u>
Volumetric Gas Cost Rate	<u>\$10.5303/Mcf</u>	<u>\$1.2257/Mcf</u>	<u>\$11.7560/Mcf</u>

1 **19. Q: What would be the effect of this proposed GCR on customers' bills?**

2 **A:** The effect of this proposed increase to the GCR on a residential space heating  
3 customer using 120 ccf in a winter month would be a increase of \$25.25, or 14.8%,  
4 from \$170.37 to \$195.62, summarized as follows:

<u>Particulars</u>	<u>Base Rates and Current GCR</u>	<u>Base Rates and Proposed GCR</u>
Base Rate Billing	\$54.55	\$54.55
GCR	<u>115.82</u>	<u>141.62</u>
Total Bill Amount	<u>\$170.37</u>	<u>\$195.62</u>
\$ Increase		\$25.25
% Increase		14.8%

13 Gas costs included in the proposed GCR represent approximately 73% of the  
14 total bill amount under the proposed GCR. General Gas ("GG") and non-electing  
15 MVG customers would experience an increase in the commodity portion of their  
16 bill in the range of -0.2% (LVG and Electing MVG only) to 22.3% depending on  
17 consumption characteristics and Service Classification.

18 **20. Q: Please describe the tariff revisions proposed by Delmarva in this filing.**

19 **A:** Attached as Schedule CRM-15 are the following P.S.C. Del. No. 5 - Gas  
20 tariff leafs, red-lined-up to show the modifications proposed by the Company:

- 21 • 38<sup>th</sup> Revised Leaf No. 37
- 22 • 35<sup>th</sup> Revised Leaf No. 38
- 23 • 6<sup>th</sup> Revised Leaf No. 53
- 24 • 5<sup>th</sup> Revised Leaf No. 55

25 "Clean" revised tariff leafs are appended to the Application as Appendix A.

26 **21. Q: Does this conclude your pre-filed direct testimony?**

27 **A:** Yes, it does.

**Delmarva Power & Light Company**  
**Summary of Gas Cost Rate**  
**Commodity and Demand Factors**  
**For November 2008 Through October 2009**

<u>Description</u>	<u>RG, GG, and GL</u>	<u>Non-Electing MVG</u>	<u>Electing MVG</u>	<u>LVG</u>
Commodity	\$10.5303 / Mcf	\$10.5303 / Mcf	Varies	Varies
Demand	<u>\$1.2257 / Mcf</u>	\$8.5538 / Mcf of MDQ	\$8.5538 / Mcf of MDQ	\$8.5538 / Mcf of MDQ
Total GCR	<u><u>\$11.7560 / Mcf</u></u>			

**Delmarva Power & Light Company**  
**Calculation of Gas Cost Rate Commodity Factors**  
**For November 2008 Through October 2009**

Description	RG, GG, GL and Non Electing MVG (\$)	Electing MVG (\$)	LVG (\$)	Total (\$)
Estimated Recovery Position @ October 31, 2008	(74,035)	0	0	(74,035)
Interest Income	<u>(268,079)</u>	<u>0</u>	<u>0</u>	<u>(268,079)</u>
Estimated Recovery Position @ November 1, 2008	(342,114)	0	0	(342,114)
Demand Expense True-Up (1)	(103,206)			(103,206)
FPS Commodity True-Up (2)	18,926			18,926
Proration of November 2008 GCR (3)	1,169,863			1,169,863
Total Estimated Firm Commodity Costs	<u>146,376,693</u>	<u>317,662</u>	<u>4,033,765</u>	<u>150,728,120</u>
Total Commodity Revenues to be Collected	147,120,163	317,662	4,033,765	151,471,590
Estimated Firm Sales	<u>13,971,176</u>	<u>30,000</u>	<u>382,229</u>	<u>14,383,405</u>
Commodity Cost Factor	<u>10.5303</u>	<u>Varies</u> (4)	<u>Varies</u> (4)	<u>N / M</u>

N / M = Not Meaningful

Notes:

- (1) See Schedule CRM-1, Page 7 for Demand Expense True-Up calculation.  
(2) The Commodity Cost True-Up Factor for FPS is calculated on Schedule CRM-6, Page 2 of 3.  
(3) November 2008 revenue from RG, GG, GL, and MVG is prorated between old and new GCR, which corrects for a revenue deficit when rates are rising and a revenue surplus when rates are falling. The adjustment is calculated as follows:

	One Half of November 2008 Sales	Proposed Rate	Current Rate	Difference	Adjustment
RR, RSH, GG, GL	526,180	\$11.7560	\$9.6517	\$2.1043	\$1,107,240
Non Electing MVG Commodity	27,718	\$10.5303	\$8.2710	\$2.2593	\$62,623
Total	553,898				\$1,169,863

- (4) The commodity gas cost for electing MVG and LVG Customers is the monthly system Weighted Average Commodity Cost of Gas (WACCOG), adjusted for losses at 2.0% and any WACCOG true-up from the prior period, and is shown on Page 3 of this Schedule.

**Delmarva Power & Light Company**  
**Monthly MVG and LVG Commodity Cost Factor Revenues**  
**August 2008 Through October 2009**  
**(15 Months Estimated)**

<u>Description</u>	<u>System WACCOG (\$/Mcf)</u>	<u>Commodity Rate (1) (\$/Mcf)</u>	<u>LVG Sales (Mcf)</u>	<u>LVG Revenue (\$)</u>	<u>Electing MVG Sales (Mcf)</u>	<u>Electing MVG Revenue (\$)</u>	<u>Total Monthly CCR Revenue</u>
August 2008	9.1732	9.3567	21,510	201,263	2,500	23,392	224,655
September	8.3579	8.5251	18,427	157,092	2,500	21,313	178,405
October 2008	10.2645	10.4698	16,558	173,359	2,500	26,175	199,534
November 2008	10.3707	10.5781	22,717	240,303	2,500	26,445	266,748
December 2008	10.0637	10.2650	39,056	400,910	2,500	25,663	426,573
January 2009	10.2496	10.4546	42,823	447,697	2,500	26,137	473,834
February	10.2653	10.4706	47,669	499,123	2,500	26,177	525,300
March	10.2245	10.4290	52,469	547,199	2,500	26,073	573,272
April	10.5736	10.7851	46,933	506,177	2,500	26,963	533,140
May	10.0722	10.2736	30,210	310,365	2,500	25,684	336,049
June	10.5943	10.8062	23,546	254,443	2,500	27,016	281,459
July	10.7324	10.9470	20,311	222,345	2,500	27,368	249,713
August	10.7264	10.9409	21,510	235,339	2,500	27,352	262,691
September	10.6318	10.8444	18,427	199,830	2,500	27,111	226,941
October 2009	10.0676	10.2690	16,558	170,034	2,500	25,673	195,707
2008/2009 GCR Total			<u>382,229</u>	<u>4,033,765</u>	<u>30,000</u>	<u>317,662</u>	<u>4,351,427</u>

## Note:

(1) Monthly Commodity Rate is equal to the System Weighted Average Commodity Cost of Gas (WACCOG) adjusted for losses of 2.0%.



**Delmarva Power & Light Company**  
**Calculation of Gas Cost Rate Demand Factors**  
**Applicable To Non-Volumetric DCR Factor Customers**  
**For November 2008 Through October 2009**

<u>Description</u>	<u>Amount</u>
Total Gas Demand Expense	25,652,937
<u>Demand Credits:</u>	
Off System Sales & SWAPS Margins	(1,627,680)
Capacity Release Margins	(5,448,000)
FPS Margins	0
Interruptible Gas Transportation Margins	(789,907)
Transition Charges	(13,200)
No Notice Swing Charges	0
Balancing Charges	(403,529)
Unauthorized Overrun	0
Total Demand Revenue Credits	(8,282,316)
Total Firm Gas Supply Demand Expense	17,370,622
FPS Margin True-Up	(15,139)
Total Demand Expense True-Up	103,206
Adjusted Total Firm Gas Supply Demand Expense	<u>17,458,688</u>

**Allocation of Demand Expenses Based on Average Daily and Excess Load Factors:**

		<u>System</u>	<u>Volumetric</u>	<u>MVG</u>	<u>LVG</u>
Average Daily Load Allocation @ \$ 183.21	183.21	7,219,574	6,673,058	354,695	191,821
Excess Load Allocation (1)		<u>10,239,114</u>	<u>9,621,933</u>	<u>506,068</u>	<u>111,113</u>
Total Demand Costs to be Collected		17,458,688	16,294,991	860,763	302,934
MVG and LVG Allocation		\$1,163,697			
MVG & LVG Forecast MDQ (mcf)		<u>11,337</u>			
Annual Demand Rate (Per MCF of MDQ)		\$ 102.65			
Monthly Demand Rate (Per MCF of MDQ)		<u>\$ 8.5538</u>			

**Note:**

(1) Excess load allocation is based on ratio of Excess loads by class to the total for all classes.  
Design Day, Average Daily, and Excess Loads, in MCF, are as follows:

	<u>Design Day</u>	<u>Average Daily</u>	<u>Excess</u>
MVG	8,786	1,936	6,850
LVG	2,551	1,047	1,504
Volumetric	166,663	36,423	130,240

**Delmarva Power & Light Company**  
**MVG & LVG Demand Factor Revenues**  
**August 2008 Through October 2009**  
**(15 Months Estimated)**

Prior GCR Period Monthly Demand Rate, \$/Mcf

10.2000

Proposed Monthly Demand Rate, \$/Mcf

8.5538

<u>Description</u>	<u>MVG Contract MDQ Mcf</u>	<u>MVG Revenue \$</u>	<u>LVG Contract MDQ Mcf</u>	<u>LVG Revenue \$</u>	<u>Total Revenue \$</u>
August 2008	8,786	89,617	2,551	26,020	115,637
September	8,786	89,617	2,551	26,020	115,637
October 2008	8,786	89,617	2,551	26,020	115,637
November 2008	8,786	75,154	2,551	21,821	96,975
December 2008	8,786	75,154	2,551	21,821	96,975
January 2009	8,786	75,154	2,551	21,821	96,975
February	8,786	75,154	2,551	21,821	96,975
March	8,786	75,154	2,551	21,821	96,975
April	8,786	75,154	2,551	21,821	96,975
May	8,786	75,154	2,551	21,821	96,975
June	8,786	75,154	2,551	21,821	96,975
July	8,786	75,154	2,551	21,821	96,975
August	8,786	75,154	2,551	21,821	96,975
September	8,786	75,154	2,551	21,821	96,975
October 2009	8,786	75,154	2,551	21,821	96,975
2008/2009 GCR Total		<u>901,848</u>		<u>261,852</u>	<u>1,163,700</u>

**Delmarva Power & Light Company**  
**Calculation of Gas Cost Rate Demand Factors**  
**Applicable To Volumetric DCR Customers**  
**For November 2008 Through October 2009**

<u>Description</u>	<u>RG, GG, and GL</u>
Total Firm Gas Demand Expense	\$ 17,370,622
FPS Margin True-Up	(15,139)
Demand Expense True-Up	<u>103,206</u>
Total Recoverable Gas Expenses	<u>\$17,458,688</u>
MVG Demand Credit	(901,848)
LVG Demand Credit	<u>(261,852)</u>
Total Demand Credits	<u>\$ (1,163,700)</u>
Demand Revenue collections - RG, GG, GL	\$ 16,294,988
Estimated Firm Volumetric Sales (Mcf)	<u>13,294,511</u>
Demand Factor to be Collected in GCR Volumetrically	<u>\$1.2257 / Mcf</u>

**Delmarva Power & Light Company  
Capacity Release & Off System Sales  
For July 2007 Through October 2009**

<u>Month</u>	<u>Capacity Release Revenue</u>	<u>Off-System Sales Revenue</u>	<u>Off-System Sales Expenses</u>	<u>Off-System Sales Margins</u>	<u>Total Margins</u>	<u>Accumulated Margins</u>	<u>Margins Shared</u>	<u>Percentage of Margins Shared</u>
Jul-07	564,147	7,968,319	7,716,147	252,172	816,319	816,319	816,319	100.00%
Aug-07	585,333	9,250,724	8,938,999	311,725	897,058	1,713,377 (1)	897,058	100.00%
Sep-07	533,322	4,640,129	4,566,705	73,424	606,746	2,320,123	482,722	79.56% (1)
Oct-07	570,990	8,986,014	8,887,466	98,548	669,538	2,989,661	535,630	80.00%
Nov-07	552,570	6,577,283	6,406,341	170,942	723,512	3,713,173	578,809	80.00%
Dec-07	570,990	2,550,142	2,367,343	182,799	753,789	4,466,962	603,031	80.00%
Jan-08	570,989	4,754,372	3,758,381	995,991	1,566,980	6,033,942	1,253,585	80.00%
Feb-08	534,152	7,230,936	6,295,754	935,182	1,469,334	7,503,276	1,175,467	80.00%
Mar-08	570,989	9,803,156	9,442,825	360,331	931,320	8,434,596	745,057	80.00%
Apr-08	403,038	14,171,118	13,729,714	441,404	844,442	9,279,038	675,553	80.00%
May-08	416,474	11,677,849	10,938,683	739,166	1,155,640	10,434,678	924,512	80.00%
Jun-08	350,675	19,355,688	18,894,333	461,355	812,030	11,246,708	649,624	80.00%
Jul-08	354,513	18,881,976	18,616,960	265,016	619,529	619,529	619,529	100.00%
Aug-08	400,000 Est.	186,000	0	186,000	586,000	1,205,529	586,000	100.00%
Sep-08	400,000 Est.	180,000	0	180,000	580,000	1,785,529	562,600	97.00%
Oct-08	400,000 Est.	186,000	0	186,000	586,000	2,371,529	468,800	80.00%
Nov-08	600,000 Est.	180,000	0	180,000	780,000	3,151,529	624,000	80.00%
Dec-08	600,000 Est.	93,000	0	93,000	693,000	3,844,529	554,400	80.00%
Jan-09	600,000 Est.	93,000	0	93,000	693,000	4,537,529	554,400	80.00%
Feb-09	600,000 Est.	84,000	0	84,000	684,000	5,221,529	547,200	80.00%
Mar-09	600,000 Est.	186,000	0	186,000	786,000	6,007,529	628,800	80.00%
Apr-09	500,000 Est.	180,000	0	180,000	680,000	6,687,529	544,000	80.00%
May-09	500,000 Est.	186,000	0	186,000	686,000	7,373,529	548,800	80.00%
Jun-09	500,000 Est.	180,000	0	180,000	680,000	8,053,529	544,000	80.00%
Jul-09	500,000 Est.	186,000	0	186,000	686,000	686,000	686,000	100.00%
Aug-09	500,000 Est.	186,000	0	186,000	686,000	1,372,000	686,000	100.00%
Sep-09	500,000 Est.	180,000	0	180,000	680,000	2,052,000	609,280	89.60%
Oct-09	500,000 Est.	186,000	0	186,000	686,000	2,738,000	548,800	80.00%

Note: (1) Sharing threshold of \$1.7 M exceeded by \$13,377. A \$2,675 adjustment (\$13,377 x 20%) was made in September 2007 to correct for 100% sharing of margins in August 2007.

**Delmarva Power & Light Company**  
**Allocation of Firm Commodity and Demand Expenses**  
**For November 2008 Through October 2009**  
**12 Months Estimated**

Description	2008						2009						Total \$
	November \$	December \$	January \$	February \$	March \$	April \$	May \$	June \$	July \$	August \$	September \$	October \$	
<u>Allocation of Commodity Expenses:</u>													
LVG Commodity Expenses	240,303	400,910	447,697	499,123	547,199	506,177	310,365	254,443	222,345	235,339	199,830	170,034	4,033,765
Electing MVG Commodity Expenses	26,445	25,663	26,137	26,177	26,073	26,963	25,684	27,016	27,368	27,352	27,111	25,673	317,662
Total Monthly CCR Expenses	266,748	426,573	473,834	525,300	573,272	533,140	336,049	281,459	249,713	262,691	226,941	195,707	4,351,427
Total Annual CCR Expenses	16,669,757	25,780,924	30,114,453	23,228,867	17,108,277	10,540,687	5,389,450	3,168,105	2,804,282	2,801,592	3,021,043	5,749,256	146,376,693
Total Firm Commodity Expenses	16,936,505	26,207,497	30,588,287	23,754,167	17,681,549	11,073,827	5,725,499	3,449,564	3,053,995	3,064,283	3,247,984	5,944,963	150,728,120
<u>Allocation of Demand Expenses:</u>													
MVG Demand Expenses	75,154	75,154	75,154	75,154	75,154	75,154	75,154	75,154	75,154	75,154	75,154	75,154	901,848
LVG Demand Expenses	21,821	21,821	21,821	21,821	21,821	21,821	21,821	21,821	21,821	21,821	21,821	21,821	261,852
Total Non-Volumetric DCR Expenses	96,975	96,975	96,975	96,975	96,975	96,975	96,975	96,975	96,975	96,975	96,975	96,975	1,163,700
Total Volumetric DCR Expenses	1,330,316	1,393,182	1,398,305	1,414,101	1,326,465	1,421,575	1,381,662	1,375,156	1,246,860	1,236,734	1,318,786	1,363,781	16,206,919
Total Firm Demand Expenses	1,427,291	1,490,157	1,495,280	1,511,076	1,423,440	1,518,550	1,478,637	1,472,131	1,343,835	1,333,709	1,415,761	1,460,756	17,370,622

**Delmarva Power and Light Company**  
**Comparison of Actual Gas Demand Costs to**  
**Estimated Gas Demand Costs**  
**For Delmarva Firm Gas Operations For the Period**  
**August 2007 Through October 2008**

Description	Demand Expense		Monthly Variance	Cumulative Variance	Interest Expense (3)	Demand Costs True - Up
	Actual (1)	Estimated (2)				
	\$	\$	\$	\$	\$	\$
August 2007	2,451,779	1,120,533	1,331,246	1,331,246	9,152	1,340,398
September	1,944,254	1,895,533	48,721	1,379,967	9,487	58,208
October	199,327,000	189,533,000	977,43,000	1,477,710	10,159	107,902
November	1,584,362	1,470,523	113,839	1,591,549	10,942	124,781
December 2007	2,067,460	1,970,523	96,937	1,688,486	11,608	108,545
January 2008	2,105,243	1,970,523	134,720	1,823,206	11,790	146,510
February	1,906,398	1,970,523	(64,125)	1,759,081	11,375	(52,750)
March	1,767,678	1,970,523	(202,845)	1,556,236	10,064	(192,781)
April	2,016,083	1,970,523	45,560	1,601,796	9,037	54,597
May	2,066,103	1,924,358	141,745	1,743,541	9,837	151,582
June	1,825,474	1,924,358	(98,884)	1,644,657	9,279	(89,605)
July	1,821,342	1,924,358	(103,016)	1,541,641	6,809	(96,207)
August	562,605	1,924,358	(1,361,753)	179,888	795	(1,360,959)
September	1,825,709	1,924,358	(98,649)	81,239	359	(98,290)
October 2008	1,825,709	1,924,358	(98,649)	(17,410)	(77)	(98,726)
Total	27,763,475	27,780,885	(17,410)	(17,410)	120,616	103,206

Notes:

- (1) The Months August 2007 through October 2007 in the column titled "Actuals" are based on the Company's estimates from the August 2007 GCR filing.
- (2) Estimated Demand Expenses for the period August 2006 through October 2007 are based on projections from the August 2006 GCR filing.
- (3) Interest expense for August 2007 and September 2007 is based on the FERC Refund Interest Rate of 8.25% applied to the cumulative monthly variance.  
Interest expense for October 2007 through December 2007 is based on the FERC Refund Interest Rate of 8.25% applied to the cumulative monthly variance.  
Interest expense for January 2008 through March 2008 is based on the FERC Refund Interest Rate of 7.76% applied to the cumulative monthly variance.  
Interest expense for April 2008 through June 2008 is based on the FERC Refund Interest Rate of 6.77% applied to the cumulative monthly variance.  
Interest expense for July 2008 through October 2008 is based on the FERC Refund Interest Rate of 5.30% applied to the cumulative monthly variance.

**Delmarva Power & Light Company**  
**Comparison of Gas Expense and Recovery**  
**For Delaware Firm Gas Operations**  
**For November 2008 Through October 2009**  
**12 Months Estimated**

<u>Billing Month</u>	<u>Firm Sales</u> (Mcf)	<u>Total GCR</u> <u>Revenue</u> ( <u>\$</u> )	<u>Total</u> <u>Gas Cost</u> ( <u>\$</u> )	<u>(Over) or</u> <u>Under</u> <u>Recovery</u> <u>Monthly</u> ( <u>\$</u> )	<u>Deferred</u> <u>Fuel</u> <u>Balance</u> <u>YTD</u> ( <u>\$</u> )	<u>% (Over)</u> <u>or Under</u> <u>Recovery</u> ( <u>%</u> )
Estimated Deferred Fuel Balance @ October 31, 2008					(74,035)	
FPS WACCOG True-Ups					3,787	
Estimated Interest Expense					(268,079)	
Estimated Deferred Fuel Balance @ November 1, 2008					(338,327)	
November 2008	1,133,012	12,149,208	18,363,796	6,214,588	5,876,261	
December 2008	1,994,057	23,366,407	27,697,654	4,331,247	10,207,507	
January 2009	2,624,248	30,756,159	32,083,567	1,327,408	11,534,915	
February	2,613,920	30,624,980	25,265,243	(5,359,737)	6,175,178	
March	2,179,235	25,524,496	19,104,989	(6,419,507)	(244,330)	
April	1,497,210	17,572,084	12,592,377	(4,979,707)	(5,224,037)	
May	738,341	8,684,123	7,204,136	(1,479,987)	(6,704,025)	
June	365,502	4,335,383	4,921,695	586,312	(6,117,713)	
July	275,454	3,290,256	4,397,830	1,107,574	(5,010,139)	
August	250,571	2,999,485	4,397,992	1,398,507	(3,611,633)	
September	285,392	3,406,045	4,663,745	1,257,700	(2,353,933)	
October 2009	426,463	5,052,450	7,405,719	2,353,269	(665)	0.0%
Total	<u>14,383,405</u>	<u>167,761,076</u>	<u>168,098,739</u>	<u>337,663</u>		

## Notes:

- (1) November 2008 through October 2009 Fuel Revenue is based on GCR of \$11.7560 / Mcf .  
(2) Estimated Gas Cost Expenses and WACCOGs are based on the August 18, 2008 NYMEX closing prices.

**Delmarva Power & Light Company**  
**Development of Annual Commodity and Demand Expenses**  
**For November 2008 Through October 2009**  
**12 Months Estimated**

Description	2009												Total
	November	December	January	February	March	April	May	June	July	August	September	October	\$
Total Gas Supply Expense	19,107,962	28,378,639	32,759,620	25,925,516	19,852,856	13,245,492	7,850,485	5,575,085	5,179,658	5,189,940	5,373,544	8,069,944	176,508,744
Total Gas Commodity Expense	16,947,135	26,217,812	30,598,793	23,764,689	17,692,029	11,084,665	5,735,823	3,460,423	3,064,996	3,075,278	3,258,882	5,955,282	150,855,807
<b>Commodity Credits:</b>													
Off System Sales - Fuel Cost (1)	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Outs	0	0	0	0	0	0	0	0	0	0	0	0	0
Company Use Gas	(10,630)	(10,315)	(10,506)	(10,522)	(10,480)	(10,838)	(10,324)	(10,859)	(11,001)	(10,995)	(10,898)	(10,319)	(127,687)
Total Commodity Fuel Credits	(10,630)	(10,315)	(10,506)	(10,522)	(10,480)	(10,838)	(10,324)	(10,859)	(11,001)	(10,995)	(10,898)	(10,319)	(127,687)
Total Firm Commodity Cost of Gas	16,936,505	26,207,497	30,588,287	23,754,167	17,681,549	11,073,827	5,725,499	3,449,564	3,053,995	3,064,283	3,247,984	5,944,963	150,728,120
Total Gas Demand Expense	2,160,827	2,160,827	2,160,827	2,160,827	2,160,827	2,160,827	2,114,662	2,114,662	2,114,662	2,114,662	2,114,662	2,114,662	25,652,937
<b>Demand Credits (% varies)</b>													
Off-System Sales & Swaps	(144,000)	(74,400)	(74,400)	(67,200)	(148,800)	(144,000)	(148,800)	(144,000)	(186,000)	(186,000)	(161,280)	(148,800)	(1,627,680)
Capacity Release	(480,000)	(480,000)	(480,000)	(480,000)	(480,000)	(400,000)	(400,000)	(400,000)	(500,000)	(500,000)	(448,000)	(400,000)	(5,448,000)
Interruptible Gas Transportation	(74,809)	(81,543)	(76,420)	(67,824)	(73,860)	(63,550)	(52,498)	(63,804)	(50,100)	(60,226)	(54,894)	(70,379)	(789,907)
Subtotal	(698,809)	(635,943)	(630,820)	(615,024)	(702,660)	(607,550)	(601,298)	(607,804)	(736,100)	(746,226)	(664,174)	(619,179)	(7,865,587)
<b>Demand Credits @ 100%</b>													
Transition Charges	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)	(13,200)
No-Notice Swing Charges	0	0	0	0	0	0	0	0	0	0	0	0	0
Balancing Charges	(33,627)	(33,627)	(33,627)	(33,627)	(33,627)	(33,627)	(33,627)	(33,627)	(33,627)	(33,627)	(33,627)	(33,627)	(403,529)
Unauthorized Overrun	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal	(34,727)	(34,727)	(34,727)	(34,727)	(34,727)	(34,727)	(34,727)	(34,727)	(34,727)	(34,727)	(34,727)	(34,727)	(416,729)
Total Demand Credits	(733,536)	(670,670)	(665,547)	(649,751)	(737,387)	(642,277)	(636,025)	(642,531)	(770,827)	(780,953)	(698,901)	(653,906)	(8,282,316)
Total Firm Demand Expenses	1,427,291	1,490,157	1,495,280	1,511,076	1,423,440	1,518,550	1,478,637	1,472,131	1,343,835	1,333,709	1,415,761	1,460,756	17,370,622
Total Firm Gas Expenses	18,363,796	27,697,654	32,083,567	25,265,243	19,104,989	12,592,377	7,204,136	4,921,695	4,397,830	4,397,992	4,663,745	7,405,719	168,098,742

Note: (1) The Cost of Fuel for Off-System Sales and Cash-Outs have not been included in the estimated Commodity Expenses shown on this Schedule and therefore does not require removal.



**Delmarva Power & Light Company**  
**Comparison of Gas Expense and Recovery**  
**For Delaware Firm Gas Operations**  
**For November 2007 Through October 2008**  
**9 Months Actual, 3 Months Updated Estimates**

<u>Billing Month</u>	<u>Firm Sales</u> Mcf	<u>Total Gas Cost Recovery</u> (\$)	<u>Total Gas Cost</u> (\$)	<u>(Over) or Under Recovery Monthly</u> (\$)	<u>Deferred Fuel Balance YTD</u> (\$)	<u>% (Over) or Under Recovery</u> (%)
Deferred Fuel Balance @ October 31, 2007					(5,729,828)	
FPS True-Up					(824)	
Interest Expense					(205,459)	
Adjusted Deferred Fuel Balance @ November 1, 2007					(5,936,111)	
November 2007	843,788	8,335,467	13,402,977	5,067,510	(868,601)	
December 2007	1,807,974	17,407,403	19,969,705	2,562,302	1,693,701	
January 2008	2,282,765	21,980,536	21,103,678	(876,858)	816,843	
February	2,377,869	22,889,167	19,875,984	(3,013,183)	(2,196,340)	
March	2,051,257	19,764,898	16,046,394	(3,718,504)	(5,914,844)	
April	1,256,723	12,147,147	8,573,209	(3,573,938)	(9,488,782)	
May	615,517	6,066,179	7,261,019	1,194,840	(8,293,942)	
June	418,096	4,193,835	5,674,420	1,480,585	(6,813,357)	
July	304,074	3,269,402	4,972,033	1,702,631	(5,110,726)	
August	240,965	2,407,652	2,504,060	96,408	(5,014,318)	
September	275,123	2,717,140	3,681,999	964,859	(4,049,459)	
October 2008	414,900	4,102,286	8,077,710	3,975,424	(74,035)	-0.1%
Total	<u>12,889,051</u>	<u>125,281,112</u>	<u>131,143,187</u>	<u>5,862,076</u>		

**Notes:**

- (1) November 1, 2007 through October 31, 2008 Fuel Revenue is based on GCR of \$9.6517/Mcf as approved by Order No. 7285 in Docket No. 07-239F dated September 18, 2007.
- (2) Estimated Gas Cost Expenses and WACCOGs are based on the August 18, 2008 NYMEX closing prices.

**Delmarva Power & Light Company**  
**Development of Annual Commodity and Demand Expenses**  
**For November 2007 Through October 2008**  
**9 Months Actual, 3 Months Estimated**

Description	2008												Total
	November	December	January	February	March	April	May	June	July	August	September	October	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Total Gas Supply Expense	20,569,685	23,126,142	26,260,406	27,456,014	26,362,433	23,326,280	19,221,201	25,330,925	24,332,242	3,196,170	4,343,538	8,662,137	232,187,173
Total Gas Commodity Expense	18,985,323	21,058,682	24,155,163	25,549,616	24,594,755	21,310,197	17,155,098	23,505,451	22,510,900	2,633,565	2,517,829	6,836,428	210,813,007
<b>Fuel Credits:</b>													
FPS Gas - Fuel Costs	(15,378)	(13,041)	0	0	0	0	0	0	0	0	0	0	(28,419)
Off System Sales - Fuel Cost (1)	(6,406,341)	(2,367,343)	(3,758,381)	(6,295,754)	(9,442,825)	(13,729,714)	(10,938,683)	(18,894,333)	(18,616,960)	0	0	0	(90,450,334)
Cash Outs	(38,124)	(39,649)	(6,765)	0	0	(239,782)	(5,808)	(19,295)	(27,346)	0	0	0	(376,769)
Company Use Gas	(4,810)	(8,519)	(18,986)	(12,946)	(11,274)	(13,738)	(8,619)	(8,314)	(4,678)	(9,403)	(8,567)	(10,521)	(120,375)
Total Fuel Credits	(6,464,653)	(2,428,552)	(3,784,132)	(6,308,700)	(9,454,099)	(13,983,234)	(10,953,110)	(18,921,942)	(18,648,984)	(9,403)	(8,567)	(10,521)	(90,975,897)
Total Gas Commodity Expense	12,520,670	18,630,130	20,371,031	19,240,916	15,140,656	7,326,963	6,201,988	4,583,509	3,861,916	2,624,162	2,509,262	6,825,907	119,837,110
Total Gas Demand Expense	1,584,362	2,067,460	2,105,243	1,906,398	1,767,678	2,016,083	2,066,103	1,825,474	1,821,342	562,605	1,825,709	1,825,709	21,374,166
<b>Demand Credits (% varies)</b>													
Off-System Sales & Swaps	(136,753)	(146,239)	(796,793)	(748,146)	(288,265)	(353,122)	(591,333)	(369,084)	(265,016)	(186,000)	(174,600)	(148,800)	(4,204,151)
Capacity Release	(442,056)	(456,792)	(456,792)	(427,321)	(456,792)	(322,431)	(333,179)	(280,540)	(354,513)	(400,000)	(388,000)	(320,000)	(4,638,416)
FPS Margins	(879)	(1,443)	0	0	0	0	0	0	0	0	0	0	(2,322)
Interruptible Gas Transportation	(92,415)	(91,466)	(76,129)	(60,162)	(88,681)	(81,614)	(60,397)	(65,185)	(75,238)	(60,226)	(54,894)	(70,379)	(876,786)
Subtotal	(672,103)	(695,940)	(1,329,714)	(1,235,629)	(833,738)	(757,167)	(984,909)	(714,809)	(694,767)	(646,226)	(617,494)	(539,179)	(9,721,675)
<b>Demand Credits @ 100 %</b>													
Transition Charges	(5,359)	(6,459)	(5,511)	(4,430)	(2,854)	19,688	(2,854)	(2,854)	(2,854)	(2,854)	(1,851)	(1,100)	(19,292)
Balancing Charges	(24,321)	(25,266)	(37,371)	(29,246)	(25,348)	(30,938)	(19,309)	(16,520)	(13,984)	(33,627)	(33,627)	(33,627)	(323,185)
No Notice Swing Charges	(272)	(220)	0	0	0	0	0	0	0	0	0	0	(492)
Unauthorized Overrun	0	0	0	(2,025)	0	(1,420)	0	(380)	380	0	0	0	(3,445)
Total Demand Credits	(702,055)	(727,885)	(1,372,596)	(1,271,330)	(861,940)	(769,837)	(1,007,072)	(734,563)	(711,225)	(682,707)	(652,972)	(573,906)	(10,068,089)
Total Firm Demand Expenses	882,307	1,339,575	732,647	635,068	905,738	1,246,246	1,059,031	1,090,911	1,110,117	(120,102)	1,172,737	1,251,803	11,306,077
Total Firm Gas Expenses	13,402,977	19,969,705	21,103,678	19,875,984	16,046,394	8,573,209	7,261,019	5,674,420	4,972,033	2,504,060	3,681,999	8,077,710	131,143,187

Note: (1) The Cost of Fuel for Off-System Sales and Cash-Outs have not been included in the estimated Commodity Expenses shown on this Schedule and therefore does not require removal.

**Delmarva Power & Light Company**  
**Comparison of Gas Expense and Recovery**  
**For Delaware Firm Gas Operations**  
**For November 2006 Through October 2007**  
**12 Months Actual**

<u>Billing Month</u>	<u>Firm Sales</u> (Mcf)	<u>Total GCR</u> <u>Revenue</u> ( <u>\$</u> )	<u>Total</u> <u>Gas Cost</u> ( <u>\$</u> )	<u>(Over) or</u> <u>Under</u> <u>Recovery</u> <u>Monthly</u> ( <u>\$</u> )	<u>Deferred</u> <u>Fuel</u> <u>Balance</u> <u>YTD</u> ( <u>\$</u> )	<u>% (Over)</u> <u>or Under</u> <u>Recovery</u> ( <u>%</u> )
Deferred Fuel Balance Including FPS WACCOG True-Up @ October 31, 2006					6,494,607	
Interest Expense					411,214	
Deferred Fuel Balance @ November 1, 2006					<u>6,905,821</u>	
November 2006	1,015,001	11,163,076	10,454,372	(708,704)	6,197,117	
December 2006	1,504,135	15,900,615	16,606,329	705,714	6,902,830	
January 2007	1,855,787	19,472,062	21,141,891	1,669,829	8,572,659	
February 2007	2,704,560	28,501,298	26,004,538	(2,496,760)	6,075,900	
March 2007	2,601,353	27,424,648	16,836,607	(10,588,041)	(4,512,141)	
April 2007	1,507,249	15,154,536	11,709,716	(3,444,820)	(7,956,961)	
May 2007	783,208	7,915,372	5,162,384	(2,752,988)	(10,709,949)	
June 2007	395,805	4,012,645	4,431,445	418,800	(10,291,149)	
July 2007	337,390	3,446,162	4,303,794	857,632	(9,433,516)	
August 2007	310,085	3,159,975	4,291,266	1,131,291	(8,302,225)	
September 2007	344,920	3,501,072	4,356,869	855,797	(7,446,430)	
October 2007	<u>349,690</u>	<u>3,594,993</u>	<u>5,311,600</u>	<u>1,716,607</u>	<u>(5,729,823)</u>	<u>-4.4%</u>
Total	<u>13,709,183</u>	<u>143,246,454</u>	<u>130,610,812</u>	<u>(12,635,642)</u>		

Notes:

- (1) November 1, 2006 through March 31, 2007 Fuel Revenue is based on GCR of \$10.6972/Mcf as approved by Order No. 7219 in Docket No. 06-285F dated July 03, 2007.
- (2) April 1, 2007 through October 31, 2007 Fuel Revenue is based on GCR of \$10.2357/Mcf as approved by Order No. 7219 in Docket No. 06-285F dated July 03, 2007.

**Delmarva Power & Light Company**  
**Development of Annual Commodity and Demand Expenses**  
**For November 2006 Through October 2007**  
**12 Months Actual**

Description	2006						2007						Total
	November	December	January	February	March	April	May	June	July	August	September	October	\$
Total Gas Supply Expense	15,423,297	19,428,273	25,329,193	28,420,595	20,905,716	17,419,005	12,807,328	15,035,948	12,961,937	14,245,381	9,539,310	14,893,547	206,409,530
Total Gas Commodity Expense	13,741,340	17,684,453	23,624,606	26,700,826	18,882,155	15,451,908	10,826,893	13,021,333	10,918,538	11,793,602	7,595,055	12,900,271	183,140,980
<b><u>Commodity Credits:</u></b>													
Flexibly Priced Sales - Fuel Cost	0	(4,002)	(4,995)	(6,482)	(3,971)	(14,008)	(19,347)	(18,677)	(20,899)	(7,856)	(15,343)	(15,709)	(131,289)
Off System Sales - Fuel Cost (1)	(4,390,149)	(2,354,297)	(3,583,455)	(1,569,112)	(3,491,622)	(5,071,127)	(6,972,202)	(9,824,779)	(7,716,147)	(8,938,999)	(4,566,705)	(8,887,466)	(67,366,060)
Cash Out Sales	(2,357)	(855)	(1,109)	(17,322)	(2,673)	(6,326)	0	0	(126)	0	0	0	(30,768)
Company Use Gas	(4,804)	(11,350)	(7,916)	(10,250)	(10,740)	(7,731)	(8,782)	(8,165)	(7,005)	(3,156)	(3,399)	(2,779)	(86,077)
Total Commodity Fuel Credits	(4,397,310)	(2,370,504)	(3,597,475)	(1,603,166)	(3,509,006)	(5,099,192)	(7,000,331)	(9,851,621)	(7,744,178)	(8,950,011)	(4,565,447)	(8,905,954)	(67,614,194)
Total Firm Commodity Cost of Gas	9,344,030	15,313,949	20,027,131	25,097,680	15,373,149	10,352,716	3,826,562	3,169,712	3,174,360	2,843,591	3,009,508	3,994,317	115,526,786
Total Gas Demand Expense	1,681,957	1,743,820	1,704,587	1,719,769	2,023,561	1,967,097	1,980,436	2,014,615	2,043,399	2,451,779	1,944,254	1,993,276	23,268,550
<b><u>Demand Credits (% varies)</u></b>													
Off-System Sales & Swaps	(69,598)	(22,335)	(122,351)	(385,953)	(103,989)	(101,010)	(201,732)	(169,848)	(252,172)	(311,725)	(58,739)	(78,838)	(1,878,301)
Capacity Release	(357,364)	(317,394)	(342,910)	(335,277)	(329,326)	(414,689)	(328,838)	(506,699)	(564,147)	(585,333)	(423,982)	(456,792)	(4,962,750)
FPS Margins	(18,582)	(1,654)	(987)	(1,178)	(599)	(3,100)	(2,469)	(2,721)	(2,974)	(561)	(637)	(751)	(36,213)
Interruptible Gas Transportation	(94,196)	(73,099)	(93,147)	(53,510)	(54,948)	(62,150)	(85,439)	(54,228)	(72,018)	(84,438)	(83,371)	(109,042)	(919,586)
Subtotal	(539,740)	(414,482)	(559,394)	(775,928)	(488,863)	(580,949)	(618,478)	(733,496)	(891,311)	(982,057)	(566,730)	(645,423)	(7,796,850)
<b><u>Demand Credits @ 100%</u></b>													
Transition Charges	(2,687)	(2,687)	(4,716)	(4,716)	(31,577)	(6,291)	(5,856)	(5,856)	(5,856)	(5,856)	(6,823)	(7,574)	(90,495)
No-Notice Swing Charges	(161)	(93)	(107)	(105)	(83)	(319)	(337)	(346)	(392)	(160)	(277)	(319)	(2,700)
Balancing Charges	(29,028)	(34,179)	(25,610)	(24,302)	(27,854)	(22,538)	(19,942)	(13,184)	(16,406)	(16,031)	(23,164)	(22,677)	(274,914)
Unauthorized Overrun	0	0	0	(7,840)	(11,725)	0	0	0	0	0	0	0	(19,565)
Subtotal	(31,875)	(36,958)	(30,433)	(36,963)	(71,240)	(29,149)	(26,136)	(19,386)	(22,554)	(22,047)	(30,264)	(30,570)	(387,674)
Total Demand Credits	(571,615)	(451,440)	(589,827)	(812,891)	(560,102)	(610,098)	(644,613)	(752,882)	(913,964)	(1,004,104)	(596,994)	(675,993)	(8,184,524)
Total Firm Demand Expenses	1,110,342	1,292,380	1,114,760	906,878	1,463,459	1,357,000	1,335,822	1,261,733	1,129,434	1,447,675	1,347,261	1,317,283	15,084,026
	10,454,372	16,606,329	21,141,891	26,004,538	16,836,607	11,709,716	5,162,384	4,431,445	4,303,794	4,291,266	4,356,869	5,311,600	130,610,812

**Delmarva Power & Light Company**  
**Interest Calculation**  
**For November 2007 Through October 2008**  
**9 Months Actual, 3 Months Estimated**

Month	Beginning Balance (\$)	Ending Balance (\$)	Average Balance (\$)	Average Balance Within Band (\$)	Interest (1) (2)		Total Interest (\$)
					Excess Balance (\$)	Interest (\$)	
November 2007	(5,936,111)	(868,601)	(3,402,356)	(3,402,356)	0	0	(23,391)
December 2007	(868,601)	1,693,701	412,550	412,550	0	0	2,836
January 2008	1,693,701	816,843	1,255,272	1,255,272	0	0	8,117
February	816,843	(2,196,340)	(689,749)	(689,749)	0	0	(4,460)
March	(2,196,340)	(5,914,844)	(4,055,592)	(4,055,592)	0	0	(26,226)
April	(5,914,844)	(9,488,782)	(7,701,813)	(5,901,443)	(1,800,370)	(13,158)	(46,452)
May	(9,488,782)	(8,293,942)	(8,891,362)	(5,901,443)	(2,989,919)	(21,851)	(55,145)
June	(8,293,942)	(6,813,357)	(7,553,650)	(5,901,443)	(1,652,207)	(12,075)	(45,369)
July	(6,813,357)	(5,110,726)	(5,962,042)	(5,901,443)	(60,599)	(443)	(26,508)
August	(5,110,726)	(5,014,318)	(5,062,522)	(5,062,522)	0	0	(22,359)
September	(5,014,318)	(4,049,459)	(4,531,889)	(4,531,889)	0	0	(20,016)
October 2008	(4,049,459)	(74,035)	(2,061,747)	(2,061,747)	0	0	(9,106)
Total Interest Expense From 11/1/07 to 10/31/08							<u>(268,079)</u>

Notes:

- (1) Average deferred fuel balance interest band is 4 - 1/2% of \$131,143,187 or \$5,901,443  
(2) Effective March 1, 1999, the interest rate on both over- and under-recoveries is the FERC Natural Gas Interest Factor, which is as follows:

Nov & Dec, 2007	8.25%	Jan - Mar, 2008	7.76%
Apr - Jun, 2008	6.77%	Jul - Oct, 2008	5.30%

**Delmarva Power & Light Company**  
**Summary of Large Volume Gas Customers and**  
**Electing MVG Gas Customers WACCOG True-up**  
**For the Months July 2007 through June 2008**

Actual Month	Billing Month	Estimated Commodity Cost Rate	Actual Commodity Cost Rate	Over (Under)	Firm Sales	Monthly Commodity Revenue	Over (Under)
		(1)					
Jun-07	Jul-07	8.6173	7.6212	0.9961	51,659	\$445,161	\$51,458
Jul-07	Aug-07	8.5240	11.6411	(3.1171)	47,541	\$405,239	(\$148,190)
Aug-07	Sep-07	7.1675	9.6091	(2.4416)	49,106	\$351,967	(\$119,897)
Sep-07	Oct-07	8.0924	10.4466	(2.3542)	43,317	\$350,538	(\$101,977)
Oct-07	Nov-07	7.1927	9.5519	(2.3592)	39,101	\$281,242	(\$92,247)
Nov-07	Dec-07	8.4678	9.3284	-0.8606	41,499	351,405	(35,714)
Dec-07	Jan-08	8.9015	8.6417	0.2598	42,197	\$375,617	\$10,963
Jan-08	Feb-08	8.4794	8.6181	(0.1387)	46,045	\$390,434	(\$6,386)
Feb-08	Mar-08	8.7245	8.5077	0.2168	51,071	\$445,569	\$11,072
Mar-08	Apr-08	8.6720	8.4887	0.1833	55,046	\$477,359	\$10,090
Apr-08	May-08	10.4019	7.1655	3.2364	50,326	\$523,486	\$162,875
May-08	Jun-08	11.4755	10.8061	0.6694	32,890	\$377,429	\$22,017
Adjustment for Prior Period							(\$224,889)
Total					549,798	\$4,775,447	(\$460,825)

Variance

**-9.65%**

Total WACCOG Under-Recovery

\$460,825

Projected LVG &amp; Electing MVG Sales for November 2008 - October 2009

412,229

LVG &amp; Electing MVG WACCOG True-Up Surcharge (Credit)

\$1.1179

Note (1) The Estimated Commodity Cost Rate excludes the \$0.7199 credit associated with the 2005/2006 WACCOG True-Up, which took effect on November 1, 2006. The adjustment related to the July 2005 - June 2006 True-Up Period is calculated as follows.

Month	LVG Sales	Refund Credit Rate	Refund Amount
June 2005 through July 2006 True-Up Credit			(\$325,991)
Jan-08	46,045	\$0.38820	\$17,875
Feb-08	51,071	\$0.34740	\$17,742
Mar-08	55,046	\$0.34740	\$19,123
Apr-08	50,326	\$0.34740	\$17,483
May-08	32,890	\$0.34740	\$11,426
Jun-08	26,079	\$0.34740	\$9,060
Jul-08	24,159	\$0.34740	\$8,393
Total	<u>369,312</u>		<u>\$101,102</u>
Amount of Prior Period Credit Remaining			<u>(\$224,889)</u>

**Delmarva Power & Light Company**  
**Summary of FPS WACCOG**  
**Adjustments**  
**July 2007 Through June 2008**

<u>Description</u>	<u>(Over) or Under Recovery</u> (1) \$
FPS Fuel Costs (Commodity Revenue Credit)	18,926
FPS Margin Sharing (Demand Revenue Credit)	(15,139)
Total FPS Adjustments to Schedule CRM - 2, Page 1	<u>3,787</u>

- (1) See Page 2 of this Schedule for details.  
(2) See Page 3 of this Schedule for details.

**Delmarva Power & Light Company**  
**Derivation of FPS WACCOG True-Up**  
**Applicable to Fuel Costs For**  
**July 2007 Through June 2008**

<u>Description</u>	<u>Estimated WACCOG</u> \$	<u>Actual WACCOG</u> \$	<u>Monthly MCF</u>	<u>Estimated FPS Gas Cost</u> \$	<u>Actual FPS Gas Cost</u> \$	<u>Commodity Adjustment</u> \$
July 2007	7.8974	7.6212	2,678	21,149	20,410	(739)
August	7.8041	11.6411	1,096	8,553	12,759	4,206
September	7.1675	9.6091	1,896	13,590	18,219	4,629
October	8.0924	10.4466	2,184	17,674	22,815	5,141
November	7.1927	9.5519	1,863	13,400	17,795	4,395
December 2007	8.4678	9.3284	1,503	12,727	14,021	1,294
January 2008	8.9015	8.6417	0	0	0	0
February	8.8676	8.6181	0	0	0	0
March	9.0719	8.5077	0	0	0	0
April	9.0194	8.4887	0	0	0	0
May	10.7493	7.1655	0	0	0	0
June 2008	11.8229	10.8061	0	0	0	0
Total			<u>11,220</u>	<u>87,093</u>	<u>106,019</u>	<u>18,926</u>



**Delmarva Power & Light Company**  
**Derivation of FPS WACCOG True-Up**  
**Applicable to Margin Sharing For**  
**July 2007 Through June 2008**

Description	Original FPS Margin Calculation					Revised Gross Margin	Customer Share	Margin Sharing Adjustment
	Revenue Net of Tax	Estimated FPS Gas Cost	Original Gross Margin	Customer Share	Actual FPS Gas Cost			
	\$	\$	\$	\$	\$	\$	\$	\$
July 2007	24,611	21,149	3,462	2,769	20,410	4,201	3,361	592
August	8,560	8,553	7	5	12,759	(4,199)	(3,359)	(3,364)
September	16,135	13,590	2,545	2,036	18,219	(2,084)	(1,667)	(3,703)
October	16,642	17,674	(1,032)	(826)	22,815	(6,173)	(4,938)	(4,112)
November	16,879	13,400	3,479	2,783	17,795	(916)	(733)	(3,516)
December 2007	15,180	12,727	2,453	1,963	14,021	1,159	927	(1,036)
January 2008	0	0	0	0	0	0	0	0
February	0	0	0	0	0	0	0	0
March	0	0	0	0	0	0	0	0
April	0	0	0	0	0	0	0	0
May	0	0	0	0	0	0	0	0
June 2008	0	0	0	0	0	0	0	0
Total	98,007	87,093	10,914	8,730	106,019	(8,012)	(6,409)	(15,139)

### Delmarva Power & Light Company Firm Sales

<u>Description</u>	Twelve Months Estimated November 2008 Through October 2009 (Mcf)	9 Months Actual 3 Months Estimated November 2007 Through October 2008 (Mcf)	Twelve Months Actual November 2006 Through October 2007 (Mcf)
November	1,133,012	843,788	1,015,001
December	1,994,057	1,807,974	1,504,135
January	2,624,248	2,282,765	1,855,787
February	2,613,920	2,377,869	2,704,560
March	2,179,235	2,051,257	2,601,353
April	1,497,210	1,256,723	1,507,249
May	738,341	615,517	783,208
June	365,502	418,096	395,805
July	275,454	304,074	337,390
August	250,571	240,965	310,085
September	285,392	275,123	344,920
October	426,463	414,900	349,690
Total	<u>14,383,405</u>	<u>12,889,051</u>	<u>13,709,183</u>

## Delmarva Power & Light Company

### Gas Costs

<u>Description</u>	Twelve Months Estimated November 2008 Through October 2009 \$	9 Months Actual 3 Months Estimated November 2007 Through October 2008 \$	Twelve Months Actual November 2006 Through October 2007 \$
Total Gas Supply Expenses	176,508,744	232,187,173	206,409,530
<u>Expense Credits</u>			
FPS Gas - Fuel Costs	0	(28,419)	(131,289)
Off System Sales - Fuel Cost (1)	0	(90,450,334)	(67,366,060)
Cash Outs	0	(376,769)	(30,768)
Company Use Gas	(127,687)	(120,375)	(86,077)
Off System Sales / Swaps	(1,627,680)	(4,204,151)	(1,878,301)
Capacity Release	(5,448,000)	(4,638,416)	(4,962,750)
FPS Margins	0	(2,322)	(36,213)
Interruptible Gas Transportation	(789,907)	(876,786)	(919,586)
Transition Charges	(13,200)	(19,292)	(90,495)
Balancing Charges	(403,529)	(323,185)	(274,914)
No Notice Swing Charges	0	(492)	(2,700)
Unauthorized Overrun	0	(3,445)	(19,565)
Total	<u>168,098,742</u>	<u>131,143,187</u>	<u>130,610,812</u>

**Notes:**

- (1) The fuel costs associated with Off-System sales are not included in Estimated Total Gas Supply Expenses, and do not require removal.

**Delmarva Power & Light Company**  
**Comparison of Gas Expense and Recovery**  
**For Delaware Firm Gas Operations**  
**August 2007 Through July 2008**  
**12 Months Actual**

<u>Billing Month</u>	<u>Firm Sales</u> Mcf	<u>Total</u> <u>Gas Cost</u> <u>Recovery</u> <u>(\$)</u>	<u>Total</u> <u>Gas Cost</u> <u>(\$)</u>	<u>(Over) or</u> <u>Under</u> <u>Recovery</u> <u>Monthly</u> <u>(\$)</u>	<u>Deferred</u> <u>Fuel</u> <u>Balance</u> <u>YTD</u> <u>(\$)</u>
Deferred Fuel Balance @ July 31, 2007					(9,433,522)
August 2007	310,085	3,159,975	4,291,266	1,131,291	(8,302,231)
September	344,920	3,501,072	4,356,870	855,798	(7,446,433)
October 2007	349,690	3,594,993	5,311,602	1,716,609	(5,729,824)
FPS True-Up (July 2006 - June 2007)					(824)
Interest Expense (November 2006 - October 2007)					(205,459)
Adjusted Balance					(5,936,107)
November 2007	843,788	8,335,467	13,402,971	5,067,504	(868,603)
December 2007	1,807,974	17,407,403	19,969,705	2,562,302	1,693,699
January 2008	2,282,765	21,980,536	21,103,678	(876,858)	816,841
February	2,377,869	22,889,167	19,875,983	(3,013,184)	(2,196,343)
March	2,051,257	19,764,898	16,046,395	(3,718,504)	(5,914,848)
April	1,256,723	12,147,147	8,573,209	(3,573,938)	(9,488,785)
May	615,517	6,066,179	7,261,020	1,194,840	(8,293,944)
June	418,096	4,193,835	5,674,421	1,480,585	(6,813,359)
July 2008	304,074	3,269,402	4,972,033	1,702,631	(5,110,726)
Total	<u>12,962,758</u>	<u>126,310,074</u>	<u>130,839,153</u>	<u>4,529,076</u>	

- Notes:
- 1) Gas Cost Recovery Revenue for August 2007 through October 2007 is based on the GCR of \$10.2357 as approved by Order No. 7219 in Docket No. 06-285F dated July 03, 2007.
  - 2) Gas Cost Recovery Revenue for November 2007 through July 2008 is based on the GCR of \$9.6517 as approved by Order No. 7285 in Docket No. 07-239F dated September 18, 2007.

**Delmarva Power & Light Company**  
**Development of Annual Commodity and Demand Expenses**  
**August 2007 Through July 2008**  
**12 Months Actual**

Description	2007												2008		Total
	August	September	October	November	December	January	February	March	April	May	June	July			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
Total Gas Supply Expense	14,245,381	9,539,309	14,893,547	20,569,685	23,126,142	26,260,406	27,456,014	26,362,433	23,326,280	19,221,201	25,330,925	24,332,242	254,663,565		
Total Gas Commodity Expense	11,793,602	7,595,055	12,900,271	18,985,323	21,058,682	24,155,163	25,549,616	24,594,755	21,310,197	17,155,098	23,505,451	22,510,900	231,114,113		
Fuel Credits:															
FPS Gas - Fuel Costs	(7,856)	(15,343)	(15,709)	(15,378)	(13,041)	0	0	0	0	0	0	0	(67,327)		
Off System Sales - Fuel Cost	(8,938,999)	(4,566,705)	(8,887,466)	(6,406,341)	(2,367,343)	(3,758,381)	(6,295,754)	(9,442,825)	(13,729,714)	(10,938,683)	(18,894,333)	(18,616,960)	(112,843,504)		
Cash Outs	0	1	0	(38,124)	(39,649)	(6,765)	0	0	(239,782)	(5,808)	(19,295)	(27,346)	(376,768)		
Company Use Gas	(3,156)	(3,399)	(2,779)	(4,810)	(8,519)	(18,986)	(12,946)	(11,274)	(13,738)	(8,619)	(8,314)	(4,678)	(101,218)		
Total Fuel Credits	(8,950,011)	(4,585,446)	(8,905,954)	(6,464,653)	(2,428,552)	(3,784,132)	(6,308,700)	(9,454,099)	(13,983,234)	(10,953,110)	(18,921,942)	(18,648,984)	(113,388,817)		
Total Gas Commodity Expense	2,843,591	3,009,609	3,994,317	12,520,670	18,630,130	20,371,031	19,240,916	15,140,656	7,326,963	6,201,988	4,583,509	3,861,916	117,725,296		
Total Gas Demand Expense	2,451,779	1,944,254	1,993,276	1,584,362	2,067,460	2,105,243	1,906,398	1,767,678	2,016,083	2,066,103	1,825,474	1,821,342	23,549,452		
Demand Credits @ 80%															
Off-System Sales & Swaps	(311,725)	(58,739)	(78,836)	(136,753)	(146,239)	(796,793)	(748,146)	(288,265)	(353,122)	(591,333)	(369,084)	(265,016)	(4,144,051)		
Capacity Release	(585,333)	(423,982)	(456,792)	(442,056)	(456,792)	(456,792)	(427,321)	(456,792)	(322,431)	(333,179)	(280,540)	(354,513)	(4,996,523)		
FPS Margins	(561)	(637)	(751)	(879)	(1,443)	0	0	0	0	0	0	0	(4,271)		
Interruptible Gas Transportation	(84,438)	(83,371)	(109,042)	(92,415)	(91,466)	(76,129)	(60,162)	(88,681)	(81,614)	(60,397)	(65,185)	(75,238)	(968,138)		
Subtotal	(982,057)	(566,729)	(645,421)	(672,103)	(695,940)	(1,329,714)	(1,235,629)	(833,738)	(757,167)	(984,909)	(714,809)	(694,767)	(10,112,983)		
Demand Credits @ 100 %															
I T Surcharges	0	0	0	0	0	0	0	0	0	0	0	0	0		
Transition Charges	(5,856)	(6,823)	(7,574)	(5,359)	(6,459)	(5,511)	(4,430)	(2,854)	19,688	(2,854)	(2,854)	(2,854)	(33,740)		
No Notice Swing Charges	(160)	(277)	(319)	(272)	(220)	0	0	0	0	0	0	0	(1,248)		
Balancing Charges	(16,031)	(23,164)	(22,677)	(24,321)	(25,266)	(37,371)	(29,246)	(25,348)	(30,938)	(19,309)	(16,520)	(13,984)	(284,175)		
Unauthorized Overrun	0	0	0	0	0	0	(2,025)	0	(1,420)	0	(380)	380	(3,445)		
Total Demand Credits	(1,004,104)	(596,993)	(675,991)	(702,055)	(727,885)	(1,372,596)	(1,271,330)	(861,940)	(769,837)	(1,007,072)	(734,563)	(711,225)	(10,435,591)		
Total Firm Demand Expenses	1,447,675	1,347,261	1,317,285	882,307	1,339,575	732,647	635,067	905,738	1,246,246	1,059,031	1,090,911	1,110,117	13,113,861		
Total Firm Gas Expenses	4,291,266	4,356,870	5,311,602	13,402,977	19,969,705	21,103,678	19,875,983	16,046,395	8,573,209	7,261,020	5,674,421	4,972,033	130,839,160		

**Delmarva Power & Light Company**  
**Summary of Gas Cost Rate**  
**Commodity and Demand Factors**  
**For November 2007 Through October 2008**

<u>Description</u>	<u>RG, GG, and GL</u>	<u>Non-Electing MVG</u>	<u>Electing MVG</u>	<u>LVG</u>
Commodity	\$8.2710 / Mcf	\$8.2710 / Mcf	Varies	Varies
Demand	<u>\$1.3807 / Mcf</u>	10.2000 (1)	10.2000 (1)	10.2000 (1)
Total GCR	<u>\$9.6517 / Mcf</u>			

Note:

(1) Per Mcf of MDQ.

**Delmarva Power & Light Company**  
**Calculation of Gas Cost Rate Commodity Factors**  
**For November 2007 Through October 2008**

Description	RG, GG, GL and Non Electing MVG (\$)	Electing MVG (\$)	LVG (\$)	Total (\$)
Estimated Under-Recovery Position @ October 31, 2007	(\$4,625,064)	0	0	(4,625,064)
Interest Income	(240,484)	0	0	(240,484)
Estimated Under-Recovery Position @ November 1, 2007	(4,865,548)	0	0	(4,865,548)
Demand Expense True-Up (1)	(964,728)			(964,728)
FPS True-Up (2)	(4,120)			(4,120)
Proration of November 2007 GCR (3)	(296,501)			(296,501)
Total Estimated Firm Commodity Costs	<u>118,100,864</u>	<u>1,081,026</u>	<u>6,527,853</u>	<u>125,709,743</u>
Total Commodity Revenues to be Collected	111,969,966	1,081,026	6,527,853	119,578,845
Estimated Firm Sales	<u>13,537,583</u>	<u>120,000</u>	<u>719,764</u>	<u>14,377,347</u>
Commodity Cost Factor	<u>\$8.2710 / Mcf</u>	<u>Varies (4),(5)</u>	<u>Varies (4),(5)</u>	<u>N / M</u>

N / M = Not Meaningful

Notes:

- (1) See Schedule CRM-1, Page 7 for Demand Expense True-Up calculation.
- (2) The Commodity Cost True-Up Factor for FPS is calculated on Schedule CRM-6, Page 2 of 3.
- (3) November 2007 revenue from RG, GG, GL, and MVG is prorated between old and new GCR, which results in a revenue deficit when rates are rising and a revenue surplus when rates are falling. The adjustment is calculated as follows:

	One Half of Nov 07 Sales	Proposed Rate	Current Rate	Difference	Adjustment
RR, RSH, GG, GL	474,232	\$9.6517	\$10.2357	(\$0.5840)	(\$276,952)
Non Electing MVG	32,730	\$8.2710	\$8.8683	(\$0.5973)	(\$19,550)
Total	506,962				(\$296,501)

- (4) The Commodity Cost True-Up Factor to be included in the monthly LVG WACCOG calculation is \$0.3882 per Mcf.
- (5) The commodity gas cost for electing MVG and LVG Customers is the monthly system Weighted Average Commodity Cost of Gas (WACCOG), adjusted for losses at 2.5% and any WACCOG true-up from the prior period, and is shown on Page 3 of this Schedule.

**Delmarva Power & Light Company**  
**Calculation of Gas Cost Rate Demand Factors**  
**Applicable To Non-Volumetric DCR Factor Customers**  
**For November 2007 Through October 2008**

<u>Description</u>	<u>Amount</u>
Total Gas Demand Expense	\$22,869,286
<u>Demand Credits:</u>	
Off System Sales & SWAPS Margins	(679,300)
Capacity Release Margins	(2,587,400)
FPS Margins	0
Interruptible Gas Transportation Margins	(904,562)
Transition Charges	(70,272)
No Notice Swing Charges	0
Balancing Charges	(277,099)
Unauthorized Overrun	0
Total Demand Revenue Credits	<u>(4,518,633)</u>
Total Firm Gas Supply Demand Expense	\$18,350,653
FPS Margin True-Up	3,296
Total Demand Expense True-Up	<u>964,728</u>
Adjusted Total Firm Gas Supply Demand Expense	<u><u>\$19,318,677</u></u>

**Allocation of Demand Expenses Based on Average Daily and Excess Load Factors:**

		<u>System</u>	<u>Volumetric</u>	<u>MVG</u>	<u>LVG</u>
Average Daily Load Allocation	209.03	8,233,692	7,312,706	508,779	412,207
Excess Load Allocation (1)		<u>11,084,985</u>	<u>10,317,431</u>	<u>556,988</u>	<u>210,566</u>
Total Demand Costs to be Collected		19,318,677	17,630,137	1,065,767	622,773
MVG and LVG Allocation		\$1,688,540			
MVG & LVG Forecast MDQ (mcf)		<u>13,796</u>			
Monthly Demand Rate (Per MCF of MDQ)		<u><u>\$ 10.20</u></u>			

Note:

- (1) Excess load allocation is based on ratio of Excess loads by class to the total for all classes.  
Design Day, Average Daily, and Excess Loads, in MCF, are as follows:

	<u>Design Day</u>	<u>Average Daily</u>	<u>Excess</u>
MVG	9,248	2,434	6,814
LVG	4,548	1,972	2,576
Volumetric	161,204	34,984	126,220



**Delmarva Power & Light Company**  
**Calculation of Gas Cost Rate Demand Factors**  
**Applicable To Volumetric DCR Customers**  
**For November 2007 Through October 2008**

<u>Description</u>	<u>RG, GG, and GL</u>
Total Firm Gas Demand Expense	\$ 18,350,653
FPS Margin True-Up	3,296
Demand Expense True-Up	<u>964,728</u>
Total Recoverable Gas Expenses	<u>\$19,318,677</u>
MVG Demand Credit	(1,131,960)
LVG Demand Credit	<u>(556,680)</u>
Total Demand Credits	<u>\$ (1,688,640)</u>
Demand Revenue collections - RG, GG, GL	\$ 17,630,037
Estimated Firm Volumetric Sales (Mcf)	<u>12,769,152</u>
Demand Factor to be Collected in GCR Volumetrically	<u>\$1.3807 / Mcf</u>

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RATES AND CHARGES  
CORE SALES RATE LEAF  
GAS COST

SERVICE CLASSIFICATION	BASE RATE	RATE	TOTAL	BASIS
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Residential Gas Sales Service ("RG")

Customer Charge	\$9.56	--	\$9.56	per month
Commodity Charge	\$0.421010	\$1.17560	\$1.596610	per CCF
Space Heating Commodity Charge 1/ Over 50 CCF	\$0.337840	\$1.17560	\$1.513440	per CCF
Environmental Surcharge Rider	\$0.00238	--	\$0.00238	per CCF

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General Gas Sales Service ("GG")

Customer Charge	\$27.31	--	\$27.31	per month
Commodity Charge	\$ 0.34975	\$1.17560	\$1.52535	per CCF
First 750 CCF	\$ 0.26125	\$1.17560	\$1.43685	per CCF
Over 750 CCF	\$0.00238	--	\$0.00238	per CCF
Environmental Surcharge Rider				

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Gas Lighting Sales Service ("GL")

(Estimated Usage - 15 CCF per month)

Monthly Charge	\$ 5.92	\$17.63	\$23.55	per gas light
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Medium Volume Gas Sales Service ("MVG")

Customer Charge	\$419.27	--	\$419.27	per month
Demand Charge	\$ 13.39	\$8.5538	\$ 21.9438	per MCF of Billing MDQ
Commodity Charge 2/	\$ 0.429790	\$11.7560	\$ 12.185790	per MCF
Environmental Surcharge Rider	\$0.02380	--	\$0.02380	per MCF

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Large Volume Gas Sales Service ("LVG")

Customer Charge	\$634.58	--	\$634.58	per month
Demand Charge	\$ 8.247210	\$8.5538	\$ 16.801010	per MCF of Billing MDQ
Commodity Charge 2/	\$ 0.103390	Varies	Varies	per MCF
Environmental Surcharge Rider	\$0.02380	--	\$0.02380	per MCF

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Public Utilities Tax4.25% Charged on all non exempt services,  
including the GCRCity of Wilmington Local Franchise Tax2.00% Charged on all non exempt  
services in the City of Wilmington, including  
the GCR

1/ Gas used by Customers with permanently installed gas-fired space heating equipment qualifies for the space heating commodity rate for all gas used in excess of 50 ccf for the billing months of October through May, inclusive.

2/ All LVG and "Electing" MVG Customers pay a monthly Commodity Charge GCR based upon the system Weighted Average Commodity Cost of Gas ("System WACCOG"). "Non-Electing" MVG Customers pay the annual GCR Commodity Charge listed here.

Order No. \_\_\_\_\_

Docket No. \_\_\_\_\_

2008 Proposed

Filed: August 29, 2008

Effective with Usage on and After November 1,

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RATES AND CHARGES

CORE TRANSPORTATION RATE LEAF

SERVICE CLASSIFICATION	BASE RATE	NON-BASE RATE	BASIS
<u>General Volume Firm Transportation</u>			
<u>Service ("GVFT")</u>			
Customer Charge	\$302.31		per month
Delivery Charge			
First 750 CCF	\$ 0.349750		per CCF Redelivered
Over 750 CCF	\$ 0.261250		per CCF Redelivered
Balancing Fee		\$ 0.3368	per CCF of Imbalance Volumes
Environmental Surcharge Rider	\$0.00238		per CCF

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Medium Volume Firm Transportation  
Service ("MVFT")

Customer Charge	\$694.27		per month
Demand Charge	\$ 13.39		per MCF of Billing MDQ
Delivery Charge	\$ 0.429790		per MCF Redelivered
Balancing Fee		\$ 0.3368	per MCF of Imbalance Volumes
Environmental Surcharge Rider	\$0.02380		per MCF

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Large Volume Firm Transportation  
Service ("LVFT")

Customer Charge	\$909.58		per month
Demand Charge	\$ 8.247210		per MCF of Billing MDQ
Delivery Charge	\$ 0.103390		per MCF Redelivered
Balancing Fee		\$ 0.3368	per MCF of Imbalance Volumes
Environmental Surcharge Rider	\$0.02380		per MCF

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Standby Service ("SBS")

Demand Charge	\$8.5538		per MCF of Standby MDQ
Commodity Charge			Monthly System WACCOG per MCF (adjusted for losses and unaccounted-for)

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<u>Public Utilities Tax</u>	4.25%	Charged on all non exempt services, including the GCR
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<u>City of Wilmington Local Franchise Tax</u>	2.00%	Charged on all non exempt services, in the City of Wilmington, including the GCR
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Order No. \_\_\_\_\_ Filed: August 29, 2008  
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TRANSPORTATION SERVICE  
TERMS AND CONDITIONS - (Continued)

H. Stand-by Maximum Daily Quantity

The Stand-by Maximum Daily Quantity for "Human Needs" firm transportation Customers shall equal their firm transportation MDQ. For all other firm transportation Customers the Stand-by Maximum Daily Quantity shall be specified in the contract.

I. Standby Service

Standby service, as provided under Service Classification "SBS", is required for any "Human Needs" Customer that does not maintain complete dual fuel capabilities for the load being served under any transportation Service Classification. Human Needs Customers are defined as those falling in the Standard Industrial Code ("SIC") 805-807 designations.

J. Metering

Metering shall be provided by the Company at its own expense. All firm transportation Customers shall have daily metering and interruptible Customers shall have hourly metering devices. The Customer shall provide an independent dedicated electrical supply and phone line for the operation of this equipment, in an area acceptable to the Company. A separate meter may be required by the Company, at the Customer's expense, where the Customer is taking service under more than one Service Classification at the same facility. When separate metering is not feasible, redeliveries shall be specified in the Service Agreement. The Company is under no obligation to install separate or additional metering for transportation Customers or their Agents and any remote access to the Company's meters will be at the Customer's expense.

K. Transportation Scheduling

The Company and Customer shall have scheduling personnel available 24 hours per day, seven days per week. Any notices provided to the Customer's gas supplier or Agent shall be deemed to have been made to the Customer, unless otherwise instructed in advance by the Customer.

The Company's transportation operating procedures, as modified from time-to-time, will be provided to each transportation Customer prior to the initiation of transportation service. The Company shall not be obligated to redeliver gas on any gas day that such gas is not received from the transporting pipeline(s). The business day is defined as being from 10:00 a.m. to 10:00 a.m. E.S.T. and E.D.S.T.

The quantity of gas tendered by the Customer for transportation shall be adjusted monthly for thermal content and reduced by two percent (2.0%) for losses and unaccounted-for gas. The thermal correction factor will be determined by dividing the average BTU content per MCF of gas received by the Company for transportation by the average BTU content per MCF of gas for the Company's system for that month.

Docket No.

Proposed

Filed: August 29, 2008

Effective Date: November 1, 2008

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## TRANSPORTATION SERVICE

### TERMS AND CONDITIONS - (Continued)

#### L. Balancing of Transportation Volumes (Continued)

If the Customer's cumulative monthly imbalance at the end of the month is an excess deliveries position, an amount up to five (5) percent of the Customer's deliveries, net of fuel and losses, shall be carried forward as the beginning imbalance in the following month. All excess deliveries at the end of the month greater than five (5) percent of the Customer's deliveries, net of fuel and losses, are subject to the monthly cash out provision hereunder.

The maximum allowable cumulative daily imbalances during any month (excess deliveries or excess takes) shall be two times the Contract MDQ. On any day, if a Customer's cumulative daily imbalances during any month (excess deliveries or excess takes) exceeds two times the Customer's Contract MDQ, the Company may issue an Operational Flow Order (OFO) to require adjustments to Customer's daily scheduling of deliveries or takes over a reasonable period of time to maintain a concurrent balance or remedy an imbalance.

On any gas day, if an excess takes imbalance causes Customer's cumulative daily imbalances during any month to exceed two times the contract MDQ, such excess shall be cashed out at the higher of the relevant *Gas Daily* posting for Texas Eastern, M-3 or Transco, zone 6 N.Y., plus the applicable transportation rate and all taxes and surcharges, unless Delmarva notifies the Customer that the excess takes will not be cashed out, but will be accumulated.

On any gas day, if an excess deliveries imbalance causes Customer's cumulative daily imbalances during any month to exceed two times the Contract MDQ at any time during the month, such excess shall be immediately cashed out for all excesses above two times the MDQ at a price equal to one ninety percent (90%) of the lower of the relevant *Gas Daily* posting for Texas Eastern, M-3 or Transco, zone 6 N.Y., unless Delmarva notifies the Customer that the excess will not be cashed out but will be accumulated.

#### M. Transportation Balancing Fee

A balancing fee shall be applicable to all Transportation Services and assessed on the customer's total monthly throughput adjusted for thermal content and reduced by two percent (2.0%) for losses and unaccounted-for gas and daily takes, either excess deliveries or excess takes.

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#### N. Unauthorized Overrun

An unauthorized overrun is defined as the occurrence, without authorization from the Company, of one of the following three conditions:

- (1) Any quantity of gas taken hereunder on any gas day in excess of 110% of the Customer's actual gas deliveries for that gas day, net of fuel and losses, shall be considered unauthorized overrun volumes.

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